

**OCTOBER 18, 2007**

## **IC Unit Shipments Poised for Double-digit Growth in 2007**

*Would mark unprecedented sixth consecutive year of double-digit increases!*

Recent data suggests that IC unit shipments will grow 10% in 2007, which would slightly exceed IC Insights' original 8% forecast, and keep alive a streak of annual double-digit increases in IC shipments that dates back to 2002. Strong shipments of DRAM (49%), NAND flash memory (38%), and interface (60%), data conversion (58%), and automotive-related analog ICs (32%) are driving overall industry demand and keeping IC shipments at a high level.

Dating back to 1980, the IC industry has twice seen periods of three consecutive years of double-digit unit growth—1982-1984 and 1986-1988. After those three-year spurts, IC unit growth dropped off significantly.

### **MORE INFORMATION CONTACT**

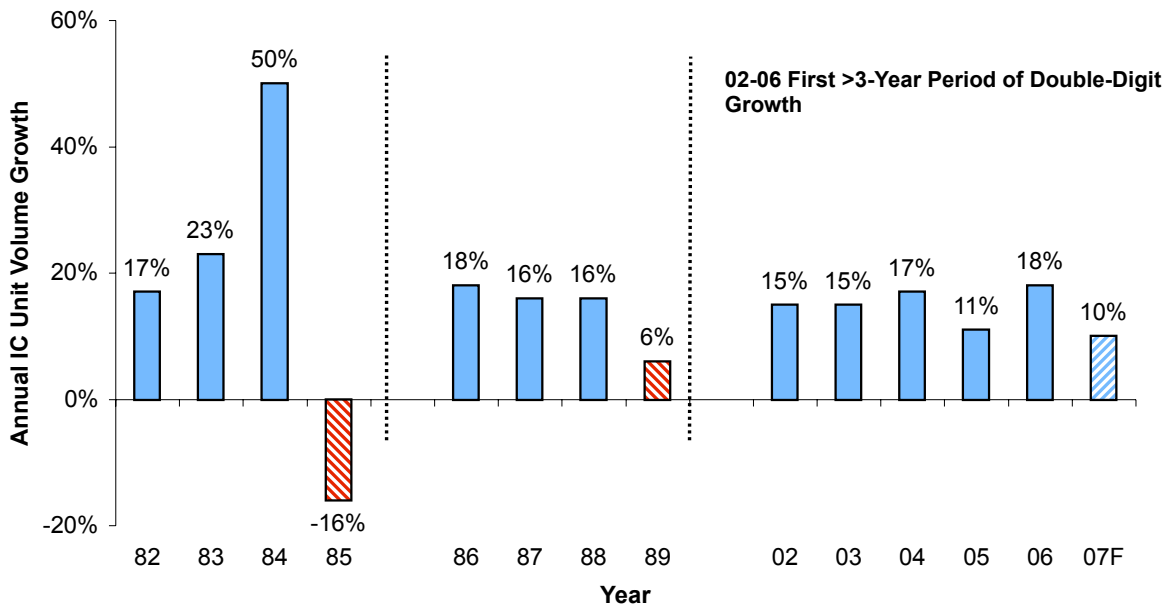
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However, since 2002, IC unit shipments have been on a tear, growing by double-digit amounts each year (Figure 1). And, there seems to be no slowdown in sight. IC Insights believes there is a very good chance that unit demand will continue to increase at least 10% annually over the next 5-10 years as new and evolving applications in communications (cell phones) and consumer electronic systems (DTVs, handheld computing, music, gaming devices, etc.) continue to incorporate large quantities of IC units. Moreover, the continuing development of emerging country markets is also contributing to surging demand for IC units.

Average annual unit growth of 10% seems to be a "lock" for the industry. Using that baseline, future IC market growth will be largely influenced by changes in the average selling price (ASP) of devices. For example, 10% unit growth coupled with either a +5% or -5% change in ASP yields a 10-point range of market growth of between 5% and 15%.

On the one hand, strong annual IC unit shipment growth rates are good news for IC suppliers. Factories will be running at near capacity. However, continued pressure on IC average selling prices may cause a prolonged period of "profitless prosperity" for IC suppliers.

## Extended Double-Digit Annual IC Unit Volume Growth Periods (and the Year after) since 1978



**Figure 1**

### Report Details

IC Insights' *2007 Mid-Year Update to The McClean Report* is a 190-page updated market forecast report on the IC industry. It features analysis of all major integrated circuit market segments and global economic trends as well as revised projections on semiconductor capital spending and forecasts on IC product revenues, unit volumes, and ASPs through 2011. For those not currently subscribing to *The McClean Report*, the *Mid-Year Update* is available for purchase for \$1,490. Additional copies are priced at \$395.

### Announcements

- IC Insights is currently preparing its annual study of end-use applications that are expected to drive the IC market over the next five years. The *IC Market Drivers 2008* report will be available for purchase beginning November 2007.

#### About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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